Adjustable Shelving

Virginia's A.L. Philpott Manufacturing Extension Partnership

Great American Shelving Company Saves $1.5 Million Using Lean Techniques

Client Profile:
Great American Shelving Company, Inc., established in 1927, is headquartered in New York, New York. The company's manufacturing facilities are located on 17 acres in Lynchburg, Virginia. Its 60 employees produce steel and steel-wood shelving units for the contract furniture industry, and innovative storage solutions for libraries, file rooms, conference rooms, storage rooms, and mail rooms.

Situation:
Great American Shelving Company (GAS)'s production capacity was being tested by its sales growth. In an effort to expand capacity to meet demand, the company decided to invest in a $1.5 million expansion project. However, before committing to the project, company management attended a one-day seminar on lean manufacturing principles conducted by Virginia's A.L. Philpott Manufacturing Extension Partnership (VPMEP), a NIST MEP network affiliate. After hearing about the benefits of lean, GAS asked VPMEP to help implement lean principles at its plant.

Solution:
VPMEP and GAS found that the company could expand its production capacity by changing its style of work. Instead of physically expanding, GAS needed to identify and eliminate non-value-added work activities and increase plant throughput. VPMEP suggested GAS take a two-phase approach to lean.
In Phase 1, VPMEP taught key supervisors and lead operators lean manufacturing techniques. Next, an assessment of production operations identified the key work centers and the bottleneck work centers to compare against lean principles. GAS designated its panel shop department as the pilot work center for a lean implementation. VPMEP developed an implementation schedule and provided ongoing guidance and support for the pilot implementation effort.
The first task for GAS was to develop a value stream map (VSM) of its pilot work center. The VSM documented the current flow of products through the work center and identified key areas for improvement. The VSM additionally provided a benchmark of the existing production style. GAS selected a company Lean Coordinator as the internal project manager, with whom VPMEP worked to incorporate lean techniques in the panel shop. VPMEP compared production throughput volume, inventory levels, quality levels, and costs to the original benchmark performance at regular intervals, allowing GAS to track its

improvements.
In Phase 2, VPMEP and GAS transferred the lean implementation program from the pilot work center to the remaining work centers within the plant. Again, the company tracked major improvements. After implementing lean throughout the plant and dramatically improving capacity, GAS decided to cancel its plans for expansion and saved $1.5 million.

Results:
Reduced inventory by 45 percent.
Reduced production-related space by 50 percent.
Reduced lead times from more than a month to 1 week.
Reduced labor costs by eliminating the need from production overtime.
Reduced operating costs.
Reduced scrap by 80 percent.
Increased gross profit margin by 25 percent.
Avoided $1.5 million expansion costs.

Testimonial:
“Virginia's A.L. Philpott Manufacturing Extension Partnership showed us how to make better use of our equipment and employees to gain substantial performance improvement at GAS.”

David Biggs, Vice President of Manufacturing